

Message Text

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PAGE 01 VIENNA 06636 011627Z

61

ACTION EB-07

INFO OCT-01 EUR-12 EA-06 ISO-00 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 FRB-03 FEA-01

OIC-02 AF-06 ARA-06 NEA-10 IO-10 /134 W

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R 011509Z AUG 75

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC 6324

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI BY POUCH

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

USMISSION OECD PARIS

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LIMITED OFFICIAL USE VIENNA 6636

E.O. 11652: N/A

TAGS: EFIN, ENRG, OECD, AU

SUBJECT: DRAFT IEA POSITION PAPER ON INDEXATION OF OIL
PRICES

REF: STATE 175861

1. EMBASSY OFFICER DELIVERED DRAFT PAPER ON
INDEXATION TO DR. FRANK (MINISTRY OF TRADE) JULY 29
NOTING THAT IT SHOULD BE TREATED AS IEA CONFIDENTIAL.
FRANK SAID HE WOULD MAKE EVERY EFFORT TO PROVIDE US
WITH COMMENTS BUT THAT SHORTAGES OF STAFF DURING
HOLIDAY SEASON MAY MAKE IT DIFFICULT FOR GOA TO
RESPOND QUICKLY. HE HIMSELF WOULD STUDY PAPER CAREFULLY.

2. WE DISCUSSED BRIEFLY PRIMARY ARGUMENTS AGAINST
INDEXATION CONTAINED IN PAPER. FRANK OBSERVED THAT
IN HIS VIEW THESE ARGUMENTS WOULD STAND UP ONLY PARTLY
IN IEA'S EFFORT TO FIND A COMMON GROUND WITH PRODUCING
COUNTRIES. HE FELT IT WAS UNREALISTIC TO OPPOSE
INDEXATION ALTOGETHER ALTHOUGH HE AGREED THAT IN TERMS
OF OUR NEGOTIATING STANCE VIS-A-VIS PRODUCERS IT WAS
CORRECT TO BEGIN WITH A HARDLINE DRAFT. FRANK BELIEVED
IT WOULD BE DIFFICULT TO AVOID SOME SORT OF QUOTE MODIFIED
INDEXATION UNQUOTE, PARTICULARLY SINCE IN THE OIL TRADE
LONG-TERM CONTRACTS FREQUENTLY INCLUDE CONTINGENCY CLAUSES
WHICH IN HIS VIEW ARE A TYPE OF INDEXATION.

3. COMMENT: THERE IS SOME DIVERGENCY OF VIEWS ON
INDEXATION WITHIN THE GOA. THE POWERFUL INDUSTRIAL
ASSOCIATIONS ARE VIGOROUSLY OPPOSED TO IT. FRANK HIMSELF
IS NOT PLEASED WITH THE PROSPECT OF INDEXATION BUT
APPROACHES THE PROBLEM FROM THE AUSTRIAN POLICY OF
AVOIDING CONFRONTATION IN ORDER TO MAKE THE DIALOGUE
WORK.BUCHANAN

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Message Attributes

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Disposition Authority: greeneet
Disposition Case Number: n/a
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Margaret P. Grafeld
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EO Systematic Review
06 JUL 2006

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